

# 3. The U.S. Farm Sector

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## ■ Farm Labor

Labor use on U.S. farms has changed dramatically over the past several decades. Average annual farm employment dropped from 9.9 million in 1950 to 2.8 million in 1998. This decrease resulted largely from the trend toward fewer and larger farms, increased farm mechanization and other technological innovations, and higher off-farm wages. However, farm employment appears to have stabilized in recent years as increases in mechanization and labor-saving technology have leveled off and the downward trend in farm numbers has slowed.

Family workers, including farm operators and unpaid workers, accounted for 69 percent of farm labor in 1998, while hired farm workers accounted for 31 percent. Service workers, including crew leaders and custom crews, accounted for 9 percent of all workers on farms in 1998.

The average wage rate for hired farm workers in the United States in 1998 was \$7.47 per hour. Wages varied by type of worker: livestock workers averaged \$7.03 per hour, and field workers averaged \$6.97 per hour.

A significant portion of total farm production expenses is spent on labor. The 1997 Census of Agriculture reported the expenditures for hired and contract labor on U.S. farms were \$17.8 billion in 1997, or almost 12 percent of total farm production expenses. About 34 percent of all farms had hired labor expenses and 12 percent had contract labor expenses.

The importance of labor varied significantly by farm type and size of farm. The proportion of total farm production expenses attributed to hired and contract labor expenses was greatest on horticultural specialty farms (44 percent), fruit and tree nut farms (40 percent), and vegetable and melon farms (32 percent). These types of farms are least mechanized, and many of the commodities they produce are still harvested by hand. At the other extreme, labor expenses comprised less than 5 percent of all production expenses on beef cattle, hogs, sheep, and poultry farms.

Larger farms are more likely to have labor needs in excess of that provided by the family farm. Farms of 260 or more acres, which accounted for only 31 percent of all farms, had 70 percent of all labor expenses in 1997. In terms of sales class, the 26 percent of all farms with \$50,000 or more in value of products sold accounted for 96 percent of all labor expenses.